

# SSA's Mission

On August 14, 1935, the Social Security Act became law with President Roosevelt's signature. Throughout its 62-year history, SSA has held fast to its basic mission to pay the right amount to the right person at the right time. SSA's 1991 Agency Strategic Plan framed that mission this way:

*To administer national Social Security programs as prescribed by legislation, in an equitable, effective, efficient and caring manner.*



## The Social Security Programs

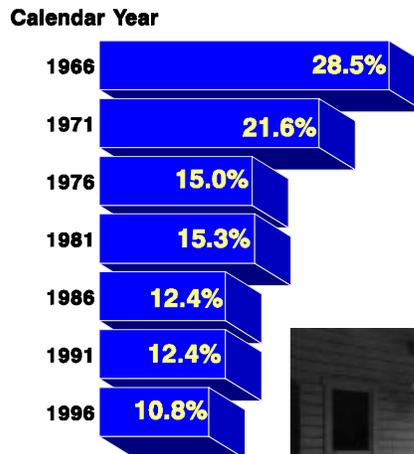
### Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI)

The OASI and DI programs, commonly referred to as Social Security, provide a comprehensive package of protection against the loss of earnings due to retirement, disability and death. Monthly cash benefits are financed through payroll taxes paid by workers and their employers and by self-employed people. Social Security is intended to replace a portion of these lost earnings, but people are encouraged to supplement Social Security with savings, pensions, investments and other insurance.

Social Security benefits have significantly improved the economic well being of the nation, reducing poverty among the elderly by 62 percent over the past 30 years. In 1936, when SSNs were first assigned to workers, most of the nation's elderly were living in poverty.

The monthly benefit amount to which an individual (or spouse and children) may become entitled under the OASDI program is based on the individual's taxable earnings during his or her lifetime. The maximum amount of earnings on which contributions were payable in 1996 was \$62,700 and increased to \$65,400 in 1997.

### Poverty Rate Among the Elderly



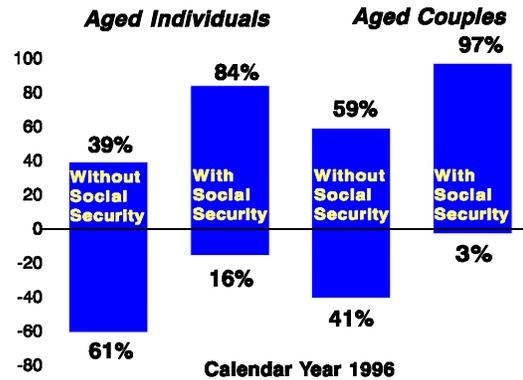
In 1996, the family income of 16 percent of aged, unmarried beneficiaries fell below the poverty line. Without Social Security benefits, 61 percent of those beneficiaries would have income below the poverty line--a difference of 45 percent due to receipt of Social Security.

For aged couples, Social Security also lifted many couples out of poverty. In 1996, 3 percent of aged beneficiaries who were members of a married couple had income below the poverty line. Without Social Security benefits, 41 percent of these beneficiaries would have income below the poverty line-- a difference of nearly 38 percent.

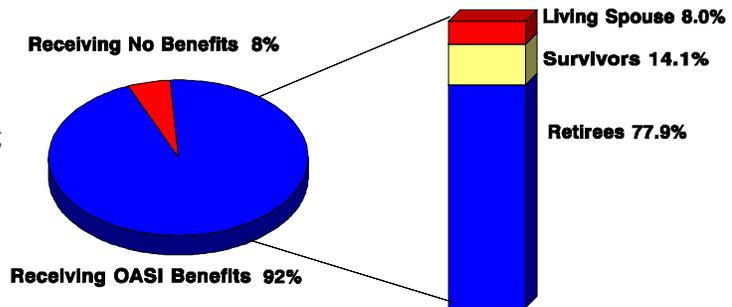
To qualify for OASI benefits, a worker must have paid Social Security taxes (FICA and/or SECA) for at least 10 years (or 40 quarters) over the course of his/her lifetime. Individuals born before 1929 need fewer quarters to qualify. Nine out of 10 working Americans can count on benefits when they retire, with reduced benefits payable as early as age 62. Benefits are also paid to certain members of retired workers' families and to survivors.

Ninety-five percent of people age 65 or over in calendar year 1997 were receiving benefits or will when their spouses retire. The largest category of beneficiaries over age 65 is retired workers. About 98 percent of children under 18 and spouses with children in their care under 16 can count on benefits if a working parent dies.

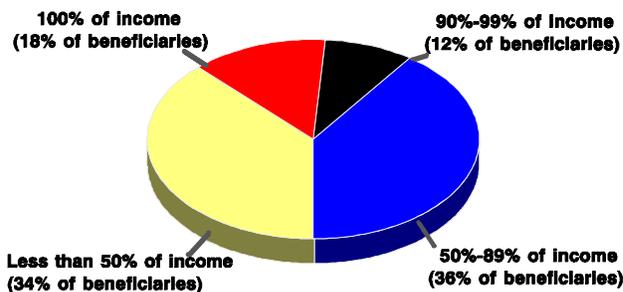
### Aged Beneficiary Population with Family Income Above and Below the Poverty Line



### Population 65 or Over Receiving OASI Benefits (1997)



### Portion of Beneficiaries That Rely Heavily on Social Security (Calendar Year 1996)

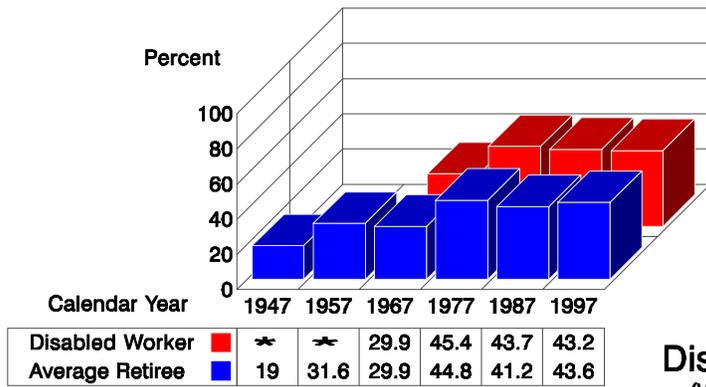


Social Security benefits comprised 40 percent of the aggregate share of all income to the aged population 65 and over of which 91 percent were Social Security beneficiaries. Other sources of income include assets (18 percent), earnings (20 percent), and pensions (18 percent) both Government and private.

While many of the nation's aged population have income from other sources, a portion of the beneficiary population relies heavily on Social Security. For 18 percent of beneficiaries, it is the only income; for 30 percent of the population, it contributes almost all of the income; and for 66 percent of the beneficiary units, it is the major income source.

The level of pre-retirement earnings replaced by Social Security benefits for a worker retiring at age 65 varies because the benefit formula is weighted to give more credit to workers with low levels of earnings. The chart below shows an average retiree's and disabled worker's earnings replaced for selected calendar years. The charts on the right show the replacement rate for individuals and couples at various earnings levels (calendar year 1997).

### Earnings Replaced (Historical Perspective)

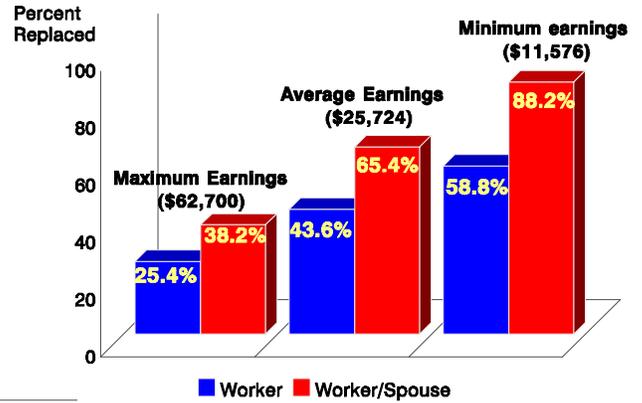


\* Data not available for disability benefit payments which began in 1957.

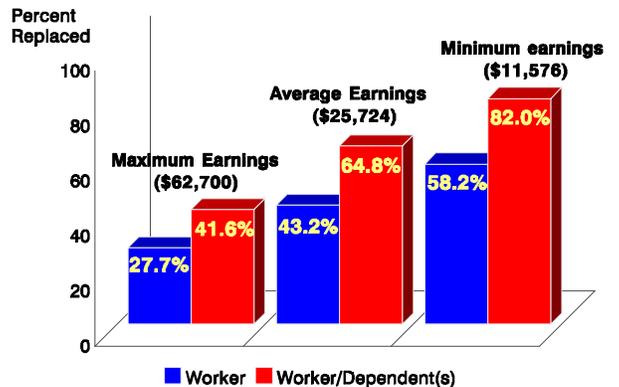
To qualify for DI benefits, an individual must meet a test of substantial recent covered work. The number of quarters needed for disability benefits depends on the age when an individual becomes disabled. The chart on the right shows the replacement rate for workers and their dependents at various earnings levels (calendar year 1997).

Disability benefits provide a continuing income base for eligible workers who have qualifying disabilities and for eligible members of their families. Three of four working Americans age 21 through 64 can count on receiving benefits if they become disabled. Workers are considered disabled if they have severe physical or mental conditions that prevent them from engaging in substantial gainful activity. The condition must be expected to last for a continuous period of at least 12 months or to result in death. Once benefits begin, they continue for as long as the worker is disabled and does not perform substantial gainful work. There are provisions that provide incentives for work. Disability cases are reviewed periodically to determine if the worker continues to be disabled.

### Pre-Retirement Earnings Replaced (Workers Age 65 Entitled in January 1997)



### Disabled Worker's Earnings Replaced (Workers Age 45 Entitled in Calendar Year 1997)



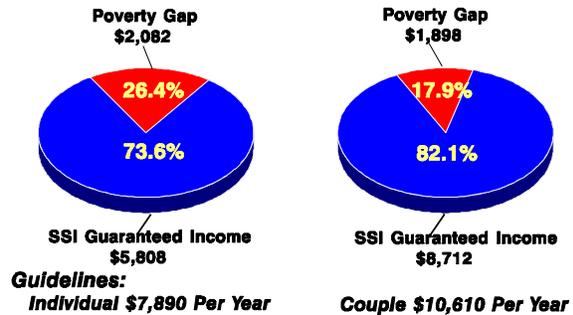
## Supplemental Security Income (SSI)

SSI is a means-tested program designed to provide or supplement the income of aged, blind or disabled individuals with limited income and resources. SSI payments and related administrative expenses are financed from general tax revenues, not the Social Security trust funds. Qualified recipients receive monthly cash payments from SSA sufficient to raise their income to the level guaranteed by the Federal SSI Program as shown in the chart below. Children, as well as adults, can receive payments because of disability or blindness.

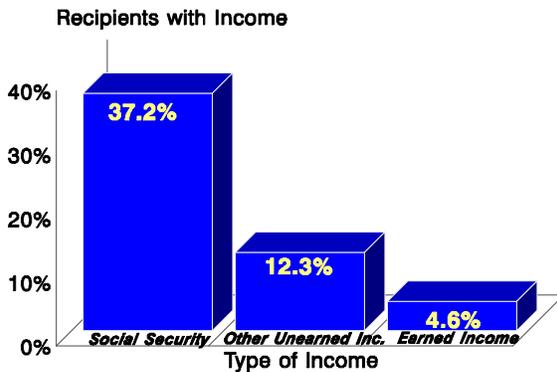
The portion of the poverty gap not filled by Federal SSI may be supplemented by State SSI payments. Also, SSI recipients may be eligible for food stamps, Medicaid and social services.

The definitions of disability and blindness used in the SSI program, as well as continuing disability review procedures, are the same as those used in the DI program. There are provisions to provide incentives for work including special incentives to those beneficiaries who have disabilities or are blind. The Federal benefit rate and eligibility requirements are uniform nationwide.

### March 1997 Poverty Income Guidelines *Poverty Gap Not Filled by SSI Federal Benefit*



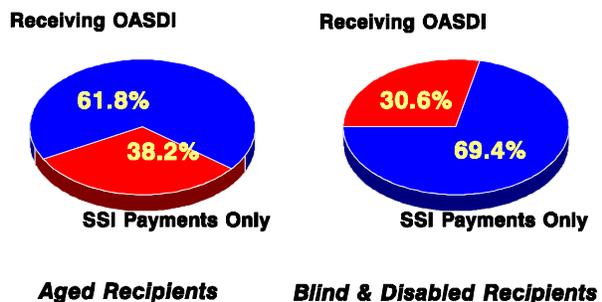
### Percent of SSI Recipients With Income from Other Sources (September 1997)



SSI recipients with no other income receive the full SSI Federal benefit which is 74 percent of the poverty level for an individual and 82 percent for a couple. Those with other income receive less since the SSI Federal and State benefits may be reduced by the income they receive from other sources. In September 1997, 37.2 percent of all SSI recipients also received Social Security benefits. Most did not have any other income. For 4.6 percent of the recipients, earnings were a source of additional income, and 12.3 percent had unearned income from other sources, such as Veterans' pensions.

### SSI Recipients Also Receiving OASDI Benefits (September 1997)

OASDI beneficiaries may qualify for SSI benefits if they meet SSI income and resource eligibility requirements. Although 37.2 percent of all SSI recipients receive OASDI benefits, SSI aged recipients are more likely (61.8 percent) to be receiving Social Security benefits than SSI blind and disabled recipients (30.6 percent).



## Black Lung (BL)

The BL program pays monthly cash benefits to coal mine workers and their dependents and survivors. SSA is responsible for administering Part B of the BL program under title IV of the Federal Coal Mine Health and Safety Act. Part B covers claims filed by miners before July 1973 and survivor claims filed before January 1974 or within 6 months of the death of a miner or widow on the SSA rolls, whichever is later. Any claims filed after these dates generally are the responsibility of the Department of Labor (DOL) covered under Part C of the program. SSA is also responsible for taking claims for, and performing certain other services related to Part C benefits. In FY 1997, SSA field offices took 621 claims for Part C benefits and transferred them to DOL for payment, as required by law. SSA received full reimbursement from DOL for these services. Beginning in FY 1998, DOL will certify for payment all Part B benefits from funds appropriated to SSA. However, SSA retains responsibility for these payments.

## Support to Other Programs

In addition to its basic programs, SSA also provides a significant measure of service delivery support to other programs, particularly Medicare, Medicaid, Food Stamps and Railroad Retirement.

**Medicare** - - Being the primary public-contact point for the Health Care Financing Administration (HCFA), SSA provides key services to the Medicare program. SSA staff determine and answer questions regarding Medicare eligibility, maintain the computerized records of Medicare eligibility, and collect Medicare premiums through withholdings from Social Security payments. Annually, SSA devotes about 1,600 workyears to supporting these workloads and is directly funded by the Medicare trust fund for these services.

**Medicaid** - - In 31 States and the District of Columbia, eligibility for SSI benefits confers automatic entitlement to Medicaid. Thus, the SSI eligibility determination made by SSA saves a significant amount of workyears for these States. SSA also provides information and referral services in support of Medicaid and is directly funded by the States and HCFA.

**Railroad Retirement** - - SSA provides services in connection with entitlement to benefits from the Railroad Retirement Board (RRB). SSA takes the applications, determines jurisdiction and coordinates benefit payments with the RRB. The latter organization, as required by statute, issues a combined monthly benefit payment when a retiree is entitled to both Railroad and Social Security retirement benefits due to having worked for both the railroad and other industries prior to retirement. SSA reimburses the RRB for OASI benefits paid on SSA's behalf. In addition, SSA arranges an annual financial interchange with the Railroad Retirement Trust Fund to place the Social Security trust funds in the same position they would have been in had railroad employment been covered by Social Security.

**Food Stamps** - - SSA assists the Department of Agriculture by providing information about the food stamp program and taking food stamp applications for qualified OASI, DI and SSI claimants. In FY 1997, SSA processed 28,565 food stamp applications and recertifications.

**State and Local Programs** - - SSA regularly provides information from Social Security records needed to make eligibility and payment decisions for a variety of State and local welfare programs, and provides automated data exchanges with over 100 State and Federal agencies.

